Sponsored by:
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SYNOPSIS
Requires health insurance consultants and carriers to provide certain information to certain local units, boards of education, and county colleges; requires local units, boards of education, and county colleges to review information.

CURRENT VERSION OF TEXT
As amended by the General Assembly on June 8, 2017.

(Sponsorship Updated As Of: 6/23/2017)
AN ACT concerning local unit 2[3]2 and board of education 2 3 and county college 2 employee health insurance and supplementing chapter 10 of Title 40A 2 and 3[chapter] chapters 3 and 16 and 64A 3 of Title 18A 2 of the New Jersey Statutes.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. As used in 2sections 1 through 4 of 2 P.L. , c. (C.) (pending before the Legislature as this bill):
   “Carrier” means an entity that contracts or offers to contract to provide, deliver, arrange for, pay for, or reimburse any of the costs of health care services under a health benefits plan, including: an insurance company authorized to issue health benefits plans; a health maintenance organization; a health, hospital, or medical service corporation; a multiple employer welfare arrangement; an entity under contract with the State Health Benefits Program to administer a health benefits plan; or any other entity providing a health benefits plan.

3 “Health benefits plan” means a benefits plan which pays or provides hospital and medical expense benefits for covered services, and is delivered or issued for delivery in this State by or through a carrier. Health benefits plan includes, but is not limited to, Medicare supplement coverage and risk contracts to the extent not otherwise prohibited by federal law. “Health benefits plan” shall not include the following plans, policies, or contracts: accident only, credit, disability, long-term care, TRICARE supplement coverage, coverage arising out of a workers’ compensation or similar law, automobile medical payment insurance, personal injury protection insurance issued pursuant to P.L.1972, c.70 (C.39:6A-1 et seq.), or hospital confinement indemnity coverage. 3

3 “Health care data” means 3[complete] aggregate claims experience data from a carrier [relating to the provision, financing, and administration of health care, as applicable], including 1[1, but not limited to, information regarding:] 1 medical, dental, pharmacy, and behavioral health claims 1[; health care utilization; health care safety and quality; health outcomes; health care providers; and costs].

3 “Insurance consultant” means 3[an individual or a business entity providing, for a commission, brokerage fee, or other consideration, services, including, but not limited to, brokerage, risk management, and related administrative services associated with the

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.
Matter enclosed in superscript numerals has been adopted as follows:
Senate SCU committee amendments adopted October 13, 2016.
Assembly AFI committee amendments adopted June 1, 2017.
Assembly floor amendments adopted June 8, 2017.
procurement, evaluation, and advice, counsel, or opinion with respect to the benefits, advantages, or disadvantages of any insurance product or contract that is or could be issued to a local unit, a person, who for a commission, brokerage fee, or other consideration, acts or holds himself out to the public or any licensee as offering any advice, counsel, opinion or service with respect to the benefits, advantages or disadvantages under any insurance policy or contract that is or could be issued in this State, but shall not include bank trust officers, attorneys-at-law and certified public accountants who negotiate contracts on behalf of others or provide general financial counsel if no commission or brokerage fee is paid for those services.

“Local unit” means a county or municipality with at least 100 participants in its health benefits plan.

“Other forms of compensation” includes but is not limited to incentive payments, bonuses, rebates, or any other thing of value, whether provided directly or indirectly.

2. a. A contract for the provision of health insurance consulting services shall require that the insurance consultant provide to the local unit, no later than five months prior to the introduction of the annual budget of the local unit, a certification of the amount of commissions or other forms of compensation accepted from a carrier during the prior calendar year for any insurance consultant services provided in connection with any contract awarded to the carrier by the local unit.

b. If an insurance consultant fails to provide a certification as required by subsection a. of this section, the local unit shall be entitled to terminate any contract with the insurance consultant and the insurance consultant shall be liable to a civil penalty of $2 per employee covered under the local unit’s health benefits plan for each day the violation continues, which penalty may be collected in a summary proceeding by the local unit pursuant to the “Penalty Enforcement Law of 1999,” P.L.1999, c.274 (C.2A:58-10 et seq.). The remedies for a violation provided under this subsection shall be in addition to any other remedies that may be provided by contract.

3. a. A contract for the provision of, delivery of, arrangement for, payment for, or reimbursement of any of the costs of health care services under a health benefits plan to the local unit’s employees shall require that the carrier report to the local unit on a basis health care data, including, but not limited to, medical claims files, pharmacy claims files, dental claims files, and covered person eligibility files containing records associated with each of the categories of claims files reported.

b. The carrier and local unit shall only provide or receive health care data in a manner that complies with: (1) the
applicable provisions of the federal Health Insurance Portability and Accountability Act of 1996, Pub.L. 104-191 (HIPAA); (2) the applicable provisions of the HIPAA privacy rules set forth in sections 160 and 164 of Title 45, Code of Federal Regulations and other proprietary requirements related to the collection and release of health care data.

c. If a carrier fails to report information as required by subsection a. of this section, the carrier shall be liable to a civil penalty of $2 per employee covered under the local unit’s health benefits plan for each day the violation continues, which penalty may be collected in a summary proceeding by the local unit pursuant to the "Penalty Enforcement Law of 1999," P.L. 1999, c.274 (C.2A:58-10 et seq.). If a carrier fails to report information as required by subsection a. of this section three or more times in any one year, the local unit shall be entitled to terminate any contract with the carrier. The remedies for a violation provided under this subsection shall be in addition to any other remedies that may be provided by contract.

4. The governing body of a local unit shall, no later than four months prior to the introduction of the annual budget of the local unit, review the information provided to the local unit pursuant to sections 2 and 3 of P.L. , c. (pending before the Legislature as this bill). The governing body shall certify that this review has been completed in the annual budget of the local unit. The Director of the Division of Local Government Services in the Department of Community Affairs shall not certify approval of an annual budget of a local unit if the annual budget does not contain the certification required by this section.

As used in sections 5 through 8 of P.L. , c. (pending before the Legislature as this bill):

“Board” means a local board of education.

“Carrier” means an entity that contracts or offers to contract to provide, deliver, arrange for, pay for, or reimburse any of the costs of health care services under a health benefits plan, including: an insurance company authorized to issue health benefits plans; a health maintenance organization; a health, hospital, or medical service corporation; a multiple employer welfare arrangement; an entity under contract with the State Health Benefits Program or School Employees’ Health Benefits Program to administer a health benefits plan; or any other entity providing a health benefits plan.

“District” means a school district.

“Health benefits plan” means a benefits plan which pays or provides hospital and medical expense benefits for covered services, and is delivered or issued for delivery in this State by or through a carrier. Health benefits plan includes, but is not limited to, Medicare supplement coverage and risk contracts to the extent
not otherwise prohibited by federal law. “Health benefits plan” shall not include the following plans, policies, or contracts: accident only, credit, disability, long-term care, TRICARE supplement coverage, coverage arising out of a workers’ compensation or similar law, automobile medical payment insurance, personal injury protection insurance issued pursuant to P.L.1972, c.70 (C.39:6A-1 et seq.), or hospital confinement indemnity coverage.3

“Health care data” means aggregate claims experience data from a carrier, including medical, dental, pharmacy, and behavioral health claims.

“Insurance consultant” means an individual or a business entity providing, for a commission, brokerage fee, or other consideration, services, including but not limited to, brokerage, risk management, and related administrative services associated with the procurement, evaluation, and advice, counsel, or opinion with respect to the benefits, advantages, or disadvantages of any insurance product or contract that is or could be issued to a district a person, who for a commission, brokerage fee, or other consideration, acts or holds himself out to the public or any licensee as offering any advice, counsel, opinion or service with respect to the benefits, advantages or disadvantages under any insurance policy or contract that is or could be issued to a district in this State, but shall not include bank trust officers, attorneys-at-law and certified public accountants who negotiate contracts on behalf of others or provide general financial counsel if no commission or brokerage fee is paid for those services.

“Other forms of compensation” includes but is not limited to incentive payments, bonuses, rebates, or any other thing of value, whether provided directly or indirectly.

6. a. A contract for the provision of health insurance consulting services shall require that the insurance consultant provide to the board of education, no later than five months prior to the introduction of the annual budget of the district, a certification of the amount of commissions or other forms of compensation accepted from a carrier during the prior calendar year for any insurance consultant services provided in connection with any contract awarded to the carrier by the board.

b. If an insurance consultant fails to provide a certification as required by subsection a. of this section, the board shall be entitled to terminate any contract with the insurance consultant and the insurance consultant shall be liable to a civil penalty of $2 per employee covered under the board’s health benefits plan for each day the violation continues, which penalty may be collected in a summary proceeding by the board pursuant to the “Penalty Enforcement Law of 1999,” P.L.1999, c.274 (C.2A:58-10 et seq.). The remedies for a violation provided under this subsection shall be in addition to any other remedies that may be provided by contract.
27. a. A contract for the provision of, delivery of, arrangement
for, payment for, or reimbursement of any of the costs of health
care services under a health benefits plan to the board of
education’s employees shall require that the carrier report to the
board on a biannual basis health care data.

b. The carrier and board shall only provide or
receive health care data in a manner that complies with: (1) the
privacy requirements of the federal “Health Insurance Portability
and Accountability Act of 1996,” Pub.L. 104-191 (HIPAA); (2) the
applicable provisions of the federal health HIPAA privacy rules
set forth in sections 160 and 164 of Title 45, Code of Federal
Regulations; and (3) other proprietary requirements
related to the collection and release of health care data.

c. If a carrier fails to report information as required by
subsection a. of this section, the carrier shall be liable to a civil
penalty of $2 per employee covered under the board’s health
benefits plan for each day the violation continues, which penalty
may be collected in a summary proceeding by the board pursuant to
10 et seq.). If a carrier fails to report information as required by
subsection a. of this section, the board shall be entitled to terminate
any contract with the carrier. The remedies for a violation provided
under this subsection shall be in addition to any other remedies that
may be provided by contract.

28. The board of education shall, no later than four months prior
to the introduction of the annual budget of the district, review the
information provided to the board pursuant to sections 6 and 7 of
P.L. , c. (C. ) (pending before the Legislature as this bill).
The board shall certify that this review has been completed in the
annual budget of the district. The executive county superintendent
shall not certify approval of an annual budget of a district if the
annual budget does not contain the certification required by this
section.

29. As used in sections 9 through 12 of P.L. , c. (C. )
(pending before the Legislature as this bill):
“County college” means an educational institution established by
one or more counties, pursuant to chapter 64A of Title 18A of the
New Jersey Statutes.

“Carrier” means an entity that contracts or offers to contract to
provide, deliver, arrange for, pay for, or reimburse any of the costs
of health care services under a health benefits plan, including: an
insurance company authorized to issue health benefits plans; a
health maintenance organization; a health, hospital, or medical
service corporation; a multiple employer welfare arrangement; an
entity under contract with the State Health Benefits Program or
School Employees’ Health Benefits Program to administer a health benefits plan; or any other entity providing a health benefits plan.

“Health benefits plan” means a benefits plan which pays or provides hospital and medical expense benefits for covered services, and is delivered or issued for delivery in this State by or through a carrier. Health benefits plan includes, but is not limited to, Medicare supplement coverage and risk contracts to the extent not otherwise prohibited by federal law. “Health benefits plan” shall not include the following plans, policies, or contracts: accident only, credit, disability, long-term care, TRICARE supplement coverage, coverage arising out of a workers’ compensation or similar law, automobile medical payment insurance, personal injury protection insurance issued pursuant to P.L.1972, c.70 (C.39:6A-1 et seq.), or hospital confinement indemnity coverage.

“Health care data” means aggregate claims experience data from a carrier, including medical, dental, pharmacy, and behavioral health claims.

“Insurance consultant” means a person, who for a commission, brokerage fee, or other consideration, acts or holds himself out to the public or any licensee as offering any advice, counsel, opinion or service with respect to the benefits, advantages or disadvantages under any insurance policy or contract that is or could be issued to a county college in this State, but shall not include bank trust officers, attorneys-at-law and certified public accountants who negotiate contracts on behalf of others or provide general financial counsel if no commission or brokerage fee is paid for those services.

“Other forms of compensation” includes but is not limited to incentive payments, bonuses, rebates, or any other thing of value, whether provided directly or indirectly. 

10. a. A contract for the provision of health insurance consulting services shall require that the insurance consultant provide to the county college, no later than five months prior to the introduction of the annual budget of the college, a certification of the amount of commissions or other forms of compensation accepted from a carrier during the prior calendar year for any insurance consultant services provided in connection with any contract awarded to the carrier by the college.

b. If an insurance consultant fails to provide a certification as required by subsection a. of this section, the county college shall be entitled to terminate any contract with the insurance consultant and the insurance consultant shall be liable to a civil penalty of $2 per employee covered under the college’s health benefits plan for each day the violation continues, which penalty may be collected in a summary proceeding by the board pursuant to the “Penalty Enforcement Law of 1999,” P.L.1999, c.274 (C.2A:58-10 et seq.). The remedies for a violation provided under this subsection shall be in addition to any other remedies that may be provided by contract.
11. a. A contract for the provision of, delivery of, arrangement
2 for, payment for, or reimbursement of any of the costs of health
3 care services under a health benefits plan to the county college’s
4 employees shall require that the carrier report to the county college
5 on a biannual basis health care data.
6 b. The carrier and college shall only provide or receive health
7 care data in a manner that complies with: (1) the privacy
8 requirements of the federal “Health Insurance Portability and
9 Accountability Act of 1996,” Pub.L.104-191 (HIPAA); (2) the
10 applicable provisions of the HIPAA privacy rules set forth in
11 sections 160 and 164 of Title 45, Code of Federal Regulations; and
12 (3) other proprietary requirements related to the collection and
13 release of health care data.
14 c. If a carrier fails to report information as required by
15 subsection a. of this section, the carrier shall be liable to a civil
16 penalty of $2 per employee covered under the college’s health
17 benefits plan for each day the violation continues, which penalty
18 may be collected in a summary proceeding by the college pursuant
20 (C.2A:58-10 et seq.). If a carrier fails to report information as
21 required by subsection a. of this section, the county college shall be
22 entitled to terminate any contract with the carrier. The remedies for
23 a violation provided under this subsection shall be in addition to
24 any other remedies that may be provided by contract. 3
25
26 12. The county college shall, no later than four months prior to
27 the introduction of the annual budget of the college, review the
28 information provided to the college pursuant to sections 10 and 11
29 of P.L. , c. (pending before the Legislature as this
30 bill). The board shall certify that this review has been completed in
31 the annual budget of the district. The county college shall not
32 certify approval of an annual budget of the college if the annual
33 budget does not contain the certification required by this section. 3
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35 2[5.] 3[9.2] 13. This act shall take effect immediately.